

# Memorandum

**Date:** May 14, 2004  
**Telephone:** (916) 653-1245

**File:** 04-SPPE-01

**To:** Commissioner Jackalyne Pfannenstiel, Presiding Member  
Commissioner John Geesman, Associate Member

**From:** **California Energy Commission** - James W. Reede, Jr., Ed.D  
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**Subject:** **RIVERSIDE ENERGY RESOURCE CENTER PROJECT (04-SPPE-01)**  
**ISSUES IDENTIFICATION REPORT**

Attached is the staff's Issue Identification Report for the Riverside Energy Resource Center, Small Power Plant Exemption application (04-SPPE-01). This report serves as a preliminary scoping document that identifies the issues that the Energy Commission staff believes will require careful attention and consideration. Energy Commission staff will present the issues report at the Committee's scheduled Informational Hearing on May 26, 2004, at the City of Riverside Water Quality Control Plant located at 5950 Acorn Avenue in Riverside, California.

cc: Docket (04-SPPE-01)  
Proof of Service List

Attachment

JWR:jr RERC Issues Report

**RIVERSIDE ENERGY RESOURCE CENTER**

(04-SPPE-01)

May 14, 2004

**ISSUES IDENTIFICATION REPORT**

**CALIFORNIA ENERGY COMMISSION**

**Systems Assessment and Facilities Siting Division**

**ISSUE IDENTIFICATION REPORT  
RIVERSIDE ENERGY RESOURCE CENTER  
(04-SPPE-01)**

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# **ISSUES IDENTIFICATION REPORT**

California Energy Commission Staff

This report has been prepared by the California Energy Commission staff to inform the Committee and all interested parties of the potential issues that have currently been identified in the case. These issues have been identified as a result of our discussions with federal, state, and local agencies, and our review of the Riverside Energy Resource Center Small Power Plant Exemption application (SPPE), Docket Number 04-SPPE-01. The Issue Identification Report contains a project description, summary of potentially significant environmental issues, and a discussion of the proposed project schedule. The staff will address the status of issues and progress towards their resolution in periodic status reports to the Committee.

## **PROJECT DESCRIPTION**

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On April 29, 2004, Riverside Public Utilities (RPU) filed an application for a Small Power Plant Exemption (SPPE). RPU is seeking an exemption from the California Energy Commission's licensing requirements. If an exemption is granted, the applicant would need to secure the appropriate licenses and permits for the project from various local, state and federal agencies.

RPU proposes to build and operate a nominal 96 MW simple-cycle power plant on a 12-acre fenced site within the City of Riverside, California. This proposed facility is referred to as the Riverside Energy Resource Center (RERC). RPU would develop, build, own and operate the facility. The proposed site is owned by the City of Riverside and is adjacent to the City's Waste Water Treatment Plant (WWTP) in a light industrial/manufacturing area. The WWTP is located on the west side of the project site and includes a 3.3 MW cogeneration facility. The cogeneration plant at the WWTP would be the source of power to cold start the RERC plant. The two facilities would be cross-tied for both electrical power and compressed air. The power plant and associated administration building and warehouse would occupy approximately 8 of the 12 acres with the additional 4 acres reserved for equipment storage and construction parking.

The plant would consist of two General Electric LM6000 PC SPRINT NxGen combustion turbine generators equipped with inlet air chiller coils, exhaust ducting, flue gas treatment system to meet the proposed air emission limits, a common chiller package with cooling tower, gas compressor equipment, water storage and treatment facilities, emission monitoring system, zero liquid discharge (ZLD) wastewater treatment system and electrical transmission and interconnection system and associated auxiliary systems and equipment.

The project will use Selective Catalytic Reduction (SCR) and an oxidation catalyst system to reduce air emissions.

The proposed project would include the construction of approximately 1.75 miles of new double circuit 69kV transmission line interconnecting RERC to the Mountain View and Riverside substations. All transmission line construction would occur in an existing transmission line right-of-way. No new residential property easements are proposed.

Natural gas fuel would be supplied to RERC from a Sempra transmission line that passes next to the northeast corner of the site boundary. A short (~140-foot site internal) natural gas service line would be constructed to connect from the existing Sempra transmission pipeline to the onsite meter station.

Potable water for sanitary use would come directly from the City's general water supply. The adjacent WWTP would supply reclaimed water for plant process and cooling water. The RERC would utilize a Zero Liquid Discharge (ZLD) system that would eliminate the need to discharge process wastewater to the WWTP.

The project is estimated to have a capital cost of approximately \$75 million. The applicant plans to complete construction and start operation of the combined-cycle unit in early third quarter of 2005.

During construction, up to approximately 53 construction jobs will be created over the 9-month construction schedule. A permanent professional workforce of approximately 10 will operate the plant.

## **POTENTIAL MAJOR ISSUES**

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Public Resource Code section 25541 states "[t]he commission may exempt ... thermal powerplants with a generating capacity of up to 100 megawatts and modifications to existing generating facilities that do not add capacity in excess of 100 megawatts, if the commission finds that no substantial adverse impact on the environment or energy resources will result from the construction or operation of the proposed facility or from the modifications." The SPPE process is different from the Application for Certification (AFC) process since the Energy Commission will not license the project but exempt the project from the licensing process. If an exemption is granted, the applicant would need to secure the appropriate licenses and permits for the project from various local, state and federal agencies. The Energy Commission is the lead agency under the California Environmental Quality Act (CEQA).

The SPPE process also uses a different format of analysis from that used in the AFC process. For an SPPE, staff prepares an Initial Study that evaluates whether the project will result in any significant environmental impacts, identifies mitigation measures that will reduce or eliminate those impacts to less than significant levels, and establishes proposed conditions of exemption. Staff will use the Environmental Checklist Form contained in CEQA Guidelines Appendix G (California Code of Regulations, Title 14, section 15000 et seq. Appendix G as a guideline for the issues that will be examined in the Initial Study.

This portion of the report contains a discussion of the potential issues the Energy Commission staff has identified to date. The Committee should be aware that this report might not include all of the potential issues that may yet arise during the case. Discovery is not yet complete, and other parties have not had an opportunity to identify their concerns. The identification of the potential issues contained in this report is based on staff's judgment and comments of other government agencies as to whether the issues raised during the proceeding will identify:

1. potential significant impacts which may be difficult to mitigate;
2. areas of conflict or potential conflict between the parties; or
3. areas where resolution may be difficult or may affect the schedule.

The following table lists all the subject areas evaluated by staff and notes those areas where potential issues have currently been identified. This table is subject to revision if issues arise or are resolved.

Major Issue	Subject Area	Major Issue	Subject Area
Yes	Air Quality	No	Paleontological Resources
Yes	Biological Resources	No	Public Health
No	Cultural Resources	No	Socioeconomics
No	Energy Resources	No	Soils
No	Electromagnetic Fields & Health Effects	No	Traffic and Transportation
No	Facility Design	No	Transmission Line Safety
No	Geology	No	Transmission System Engineering
No	Hazardous Materials	No	Visual Resources
No	Industrial Safety and Fire Protection	No	Waste
No	Land Use	No	Hydrology and Water Resources
No	Project Description	No	Alternatives
No	Noise		

This report does not limit the scope of staff's analysis, but acts to aid in the analysis of potentially significant issues that the RERC proposal poses. The following discussion summarizes each potential issue, identifies the parties needed to resolve the issue and, where applicable, suggests a process for achieving resolution. At this time, staff does not see any of these potential issues as unresolvable.

## AIR QUALITY

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There is one potentially significant air quality issue that may affect the timing and possible outcome of the exemption process for the RERC. It is the acquisition of **Emission Reduction Credits** (or offsets).

## **EMISSION REDUCTION CREDITS**

The RERC has not secured the required “traditional” (that is either Emission Reduction Credits or RECLAIM credits) offsets for the project’s NO<sub>x</sub>, ROG, PM<sub>10</sub>, SO<sub>x</sub>, and CO emissions liability. Staff believes that securing these offsets may make it difficult to meet the project schedule. The City of Riverside has agreed to secure adequate RECLAIM Trading Credits (RTCs) to offset the first year’s operations, which amounts to 39,464 pounds. However, the applicant has not submitted enough information to demonstrate that it can obtain the necessary first year RTCs.

The finding of no significant unmitigated impacts is required to certify an SPPE project. Staff believes that in order to make a finding of no significant air quality impacts, a project needs to offset, at a minimum 1:1 ratio, all of its nonattainment pollutants (including precursors). The South Coast Air Basin is an extreme ozone non-attainment area (1-hour standard), a severe ozone non-attainment area (8-hour standard), and a serious PM<sub>10</sub> non-attainment area. The SPPE application has only proposed the use of NO<sub>x</sub> RTCs to offset NO<sub>x</sub> emissions. In order to recommend a finding of no significant impacts staff must understand how the applicant proposes to mitigate its other operating emissions of non-attainment pollutants and precursors (VOC, PM<sub>10</sub>, and SO<sub>2</sub>). RERC has not proposed mitigation and consequently has neither identified nor provided offsets for operational non-attainment pollutants and precursor emissions.

There is also a possibility that additional localized air quality impact mitigation measures may be required to mitigate impacts near the project site.

## **BIOLOGICAL RESOURCES**

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Staff has identified that there are state and federally-listed rare and/or endangered species within the proposed project’s site boundaries. The Riverside SPPE application identifies payment into the Western Riverside County Multispecies Habitat Conservation Plan (WRC MSHCP) as the mechanism to protect state and federally-listed species and reduce impacts to biological resources to a less than significant level (Riverside SPPE Section 6.3 p. 146). Based on information from the California Department of Fish and Game website, the state and federal permits for the WRC MSHCP have not been issued yet. Staff is unsure whether there is a program to pay into the WRC MSHCP at this time. If the program is not available prior to issuance of the Initial Study, the City of Riverside may have to implement a different habitat compensation strategy and apply for permits outside of the MSHCP process.

## **SCHEDULING**

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Timely provision of the ERCs and resolution of the Biological Resources mitigation issue is critical to the schedule of this project. These issues must be resolved by July 1, 2004, to allow the staff to prepare the Initial Study on time.

Staff’s proposed schedule is below.

## **PROPOSED SCHEDULE**

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### **RIVERSIDE ENERGY RESOURCE CENTER (04-SPPE-01)**

<b>EVENT</b>	<b>DATE</b>
Receive SPPE	29-Apr-04
Issue notice of availability	29-Apr-04
Staff Files Issue Identification Report and Proposed Schedule	14-May-04
Staff Submits Data Requests	14-May-04
Data Request Workshop	26-May-04
Committee Information Hearing and Site Visit	26-May-04
Responses filed	14-Jun-04
Data Response and Issue Resolution Workshop	18-Jun-04
File Draft Initial Study	9-Jul-04
Agencies comment on Initial Study	16-Jul-04
DIS Workshop	16-Jul-04
Pre-Hearing Conference	27-Jul-04
File Final Initial Study	29-Jul-04
IS Summary Letters to Legislators	30-Jul-04
Start Hearings	6-Aug-04
Committee Issues Proposed Decision	TBD
End of comment period on proposed decision	TBD
Adopt Decision	TBD